

_Course wrap-up

Abrao Kulaif | Week 15
Principles of Management | 2025

“Sapiens”, by Yuval Noah Harari

While corporations may be fictional entities in a legal sense, they have a very real impact on society and the economy. They can amass significant wealth, influence politics, shape culture, and impact the environment. This dual nature of corporations, as both fictional and powerful entities, raises important questions about their role and responsibility in society.

"A business is a social group that differs from other social groups in only one way: **businesses must have customers.**"

Peter Drucker (early 70s)

The boundaries, or limits, of a firm define the range of activities it devotes itself to.

1. Horizontal boundaries
2. Vertical boundaries
3. Corporate boundaries

The context

FROM: idea-driven entrepreneurship

TO: PROBLEM-driven entrepreneurship

Customer Development Model



STEP #1

PROBLEM
SOLUTION

=

PROBLEM / SOLUTION FIT

STEP #2

PRODUCT

MARKET

=

PRODUCT / MARKET FIT

Is this problem worth addressing?

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Important

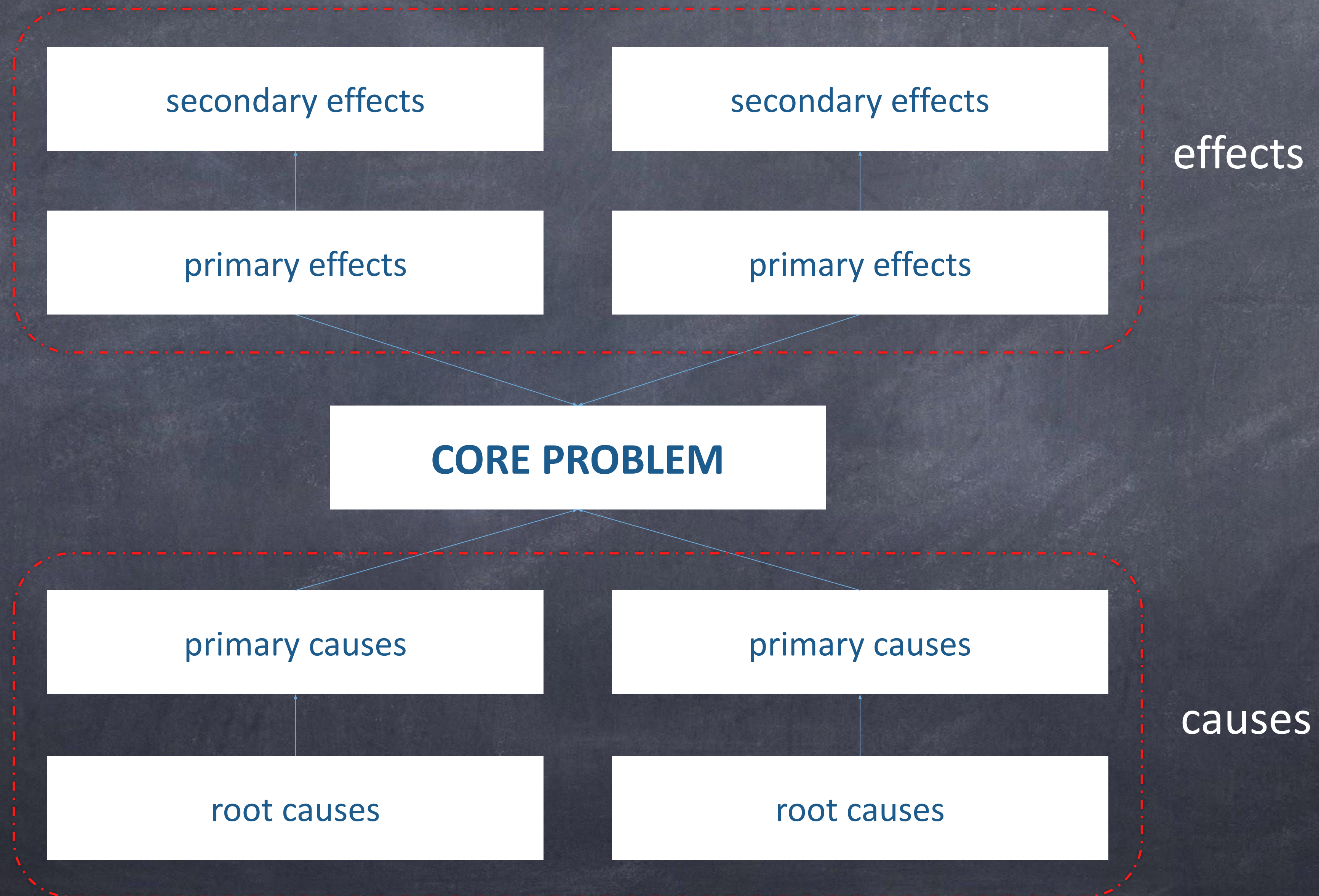
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Neglected

A solid green square containing the white capital letter 'E'.

Externalities

The problem tree



Revenues

In economics, revenue refers to the total income generated by a business or a firm from its operations, typically through the sale of goods and services to customers. It represents the money received from the sale of products, services, or other business activities.

Different ways to generate revenues:

- ✓ Subscription models
- ✓ Other recurring revenues
 - ✓ Freemium
 - ✓ Dynamic pricing
 - ✓ Marketplace
 - ✓ ...

In economics, costs refer to the value of resources used or foregone to achieve a specific objective, typically in the production of goods or services.

Types of costs:

- ✓ Fixed Costs
- ✓ Variable Costs
- ✓ Explicit Costs
- ✓ Implicit Costs
- ✓ Opportunity Costs

...

Key partners

Key activities

Key resources

Value Propositions

Customer relationships

Channels

Customer Segments

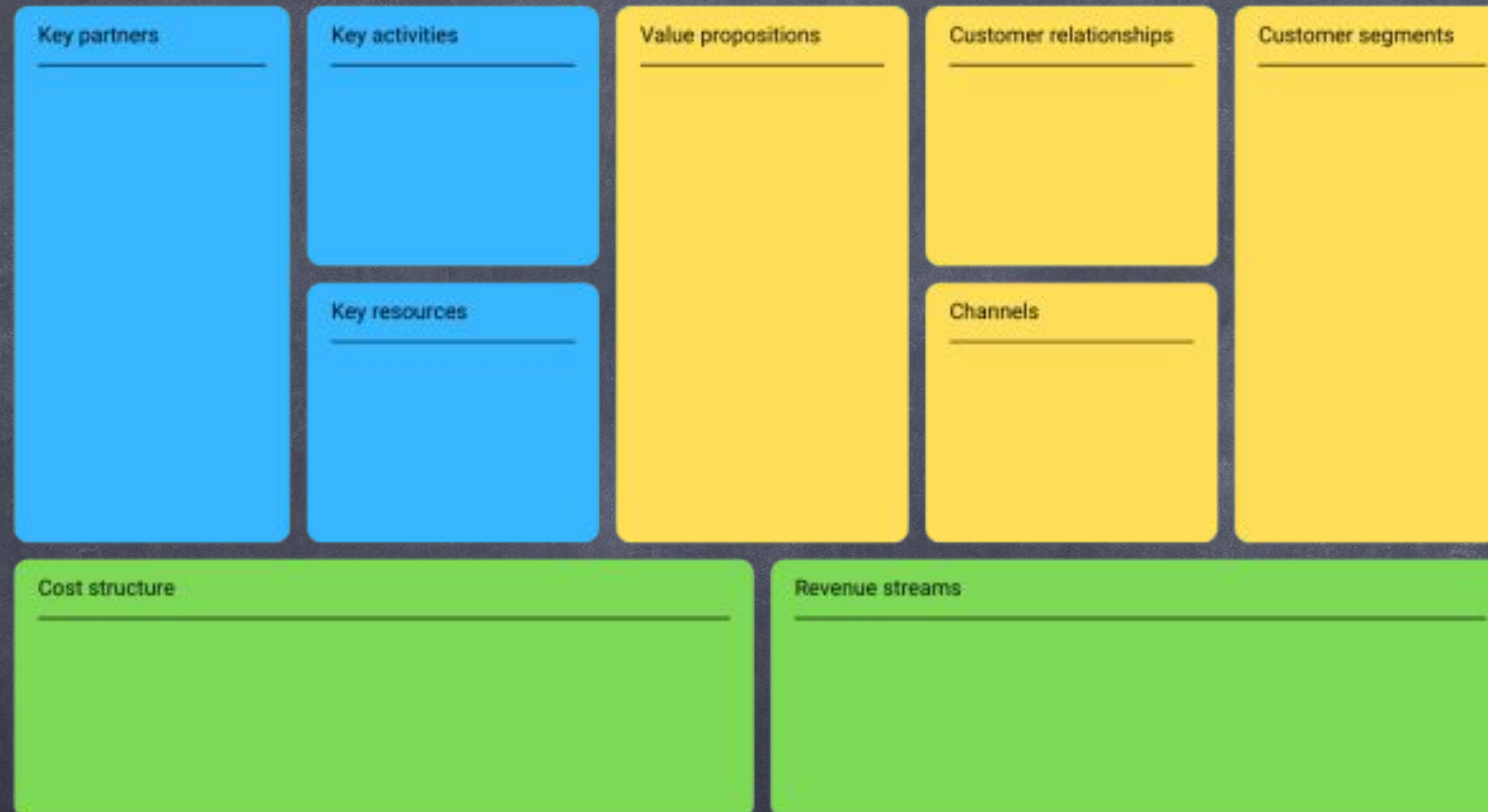
Cost Structure

Revenue Streams

_Framing it differently

Feasibility

Can we deliver it?



Desirability

Do they want it?



Viability

Is it worth it?



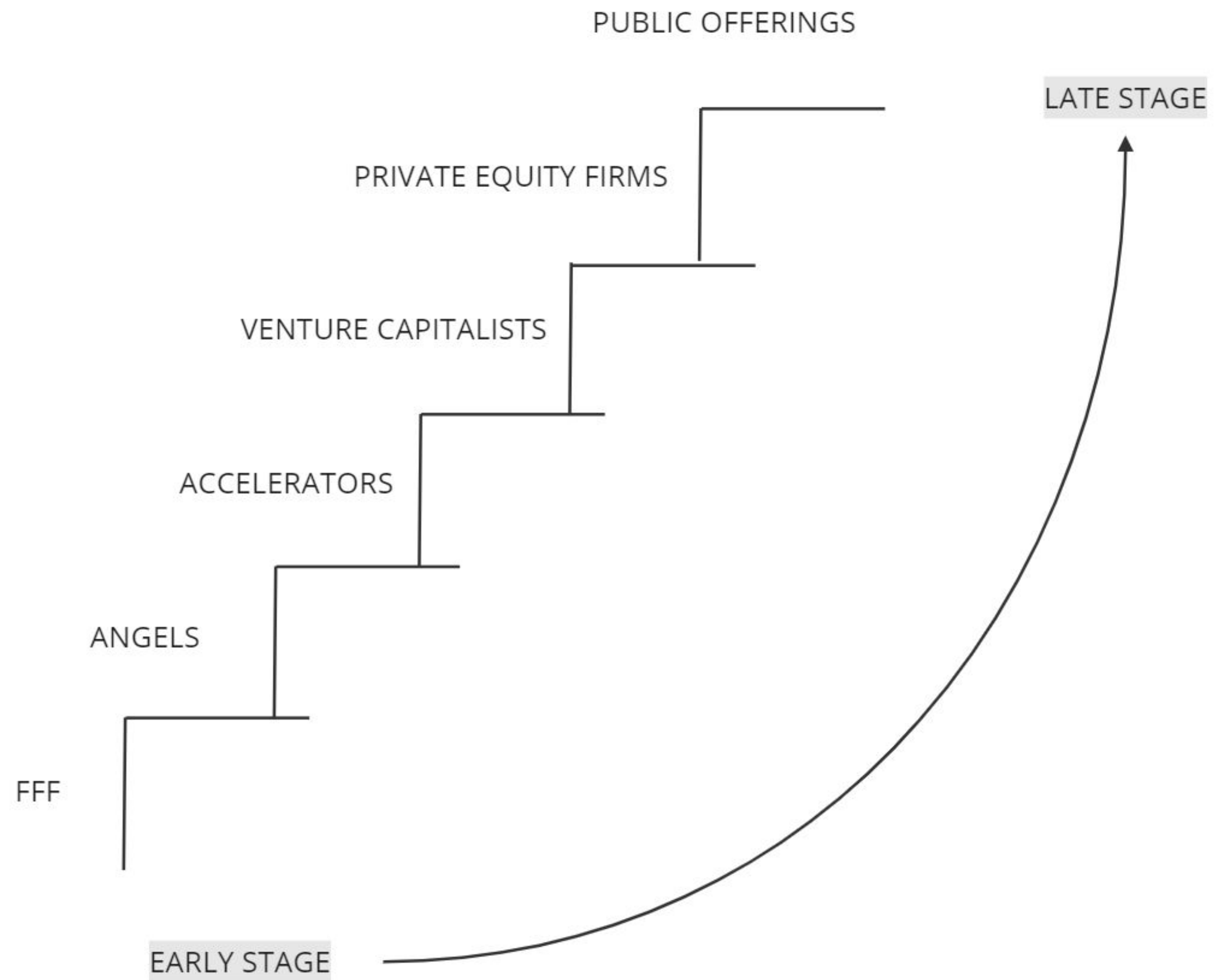
In short, there are three general sources of funding for companies:

1. Retained Earnings
2. Debt
3. Equity

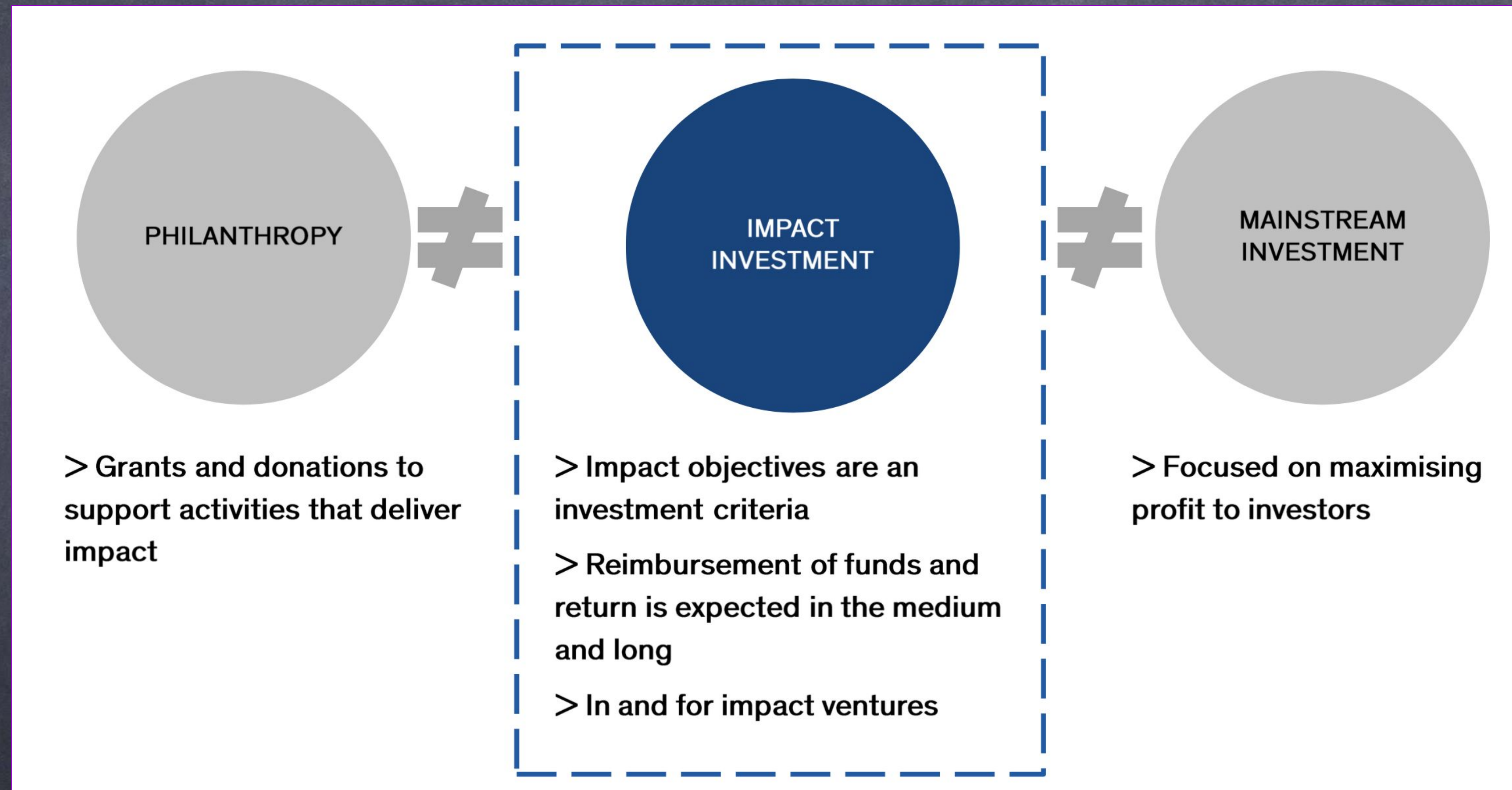
Equity deals imply setting a VALUATION to companies.

Common ways to do it:

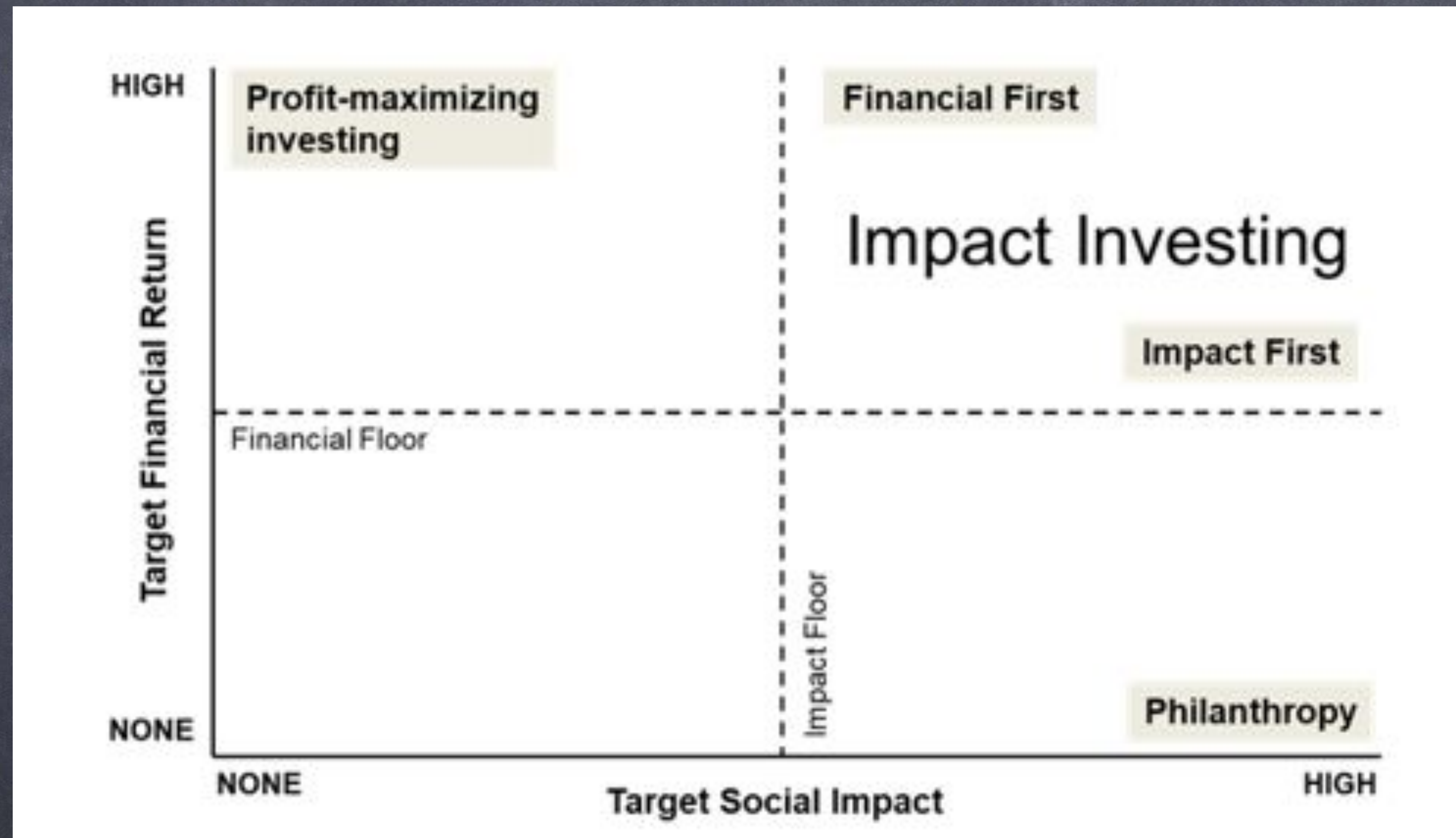
- ✓ *market comparables*
- ✓ *discounted cash flow (DCF)*
- ✓ *multiples*



_impact investing



_impact investing



_go-to-market

- GTM outlines the big picture and encompasses everything from sales to marketing to product/solution.
- A go-to-market strategy details how a company plans to attract its ideal customers and establish a market presence.

6 key concepts:

- Market
- Ideal Customer Profile (ICP)
- Value Proposition
- Offer
- Messaging
- Positioning

human resources

It is the department of the organization that is responsible for managing the personnel, policies, and procedures related to employees. The primary functions of HR include recruitment, training and development, compensation and benefits administration, employee relations, performance management, and ensuring compliance with labor laws and regulations.

Art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior “customer value”.

Marketing is the process via which a company creates value for its chosen customer segmentation.

Value is created by meeting customer needs. Thus, a firm must define itself not by the product/service it sells but by the customer *benefit* provided.

_strategy

Set of actions or plans designed to achieve specific goals and objectives. It involves making choices about how resources will be allocated to achieve long-term success among uncertainty and competition.

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It encompasses decisions related to a company's competitive position, target markets, value proposition, and the allocation of resources to pursue a unique and sustainable advantage.

_competitive advantage

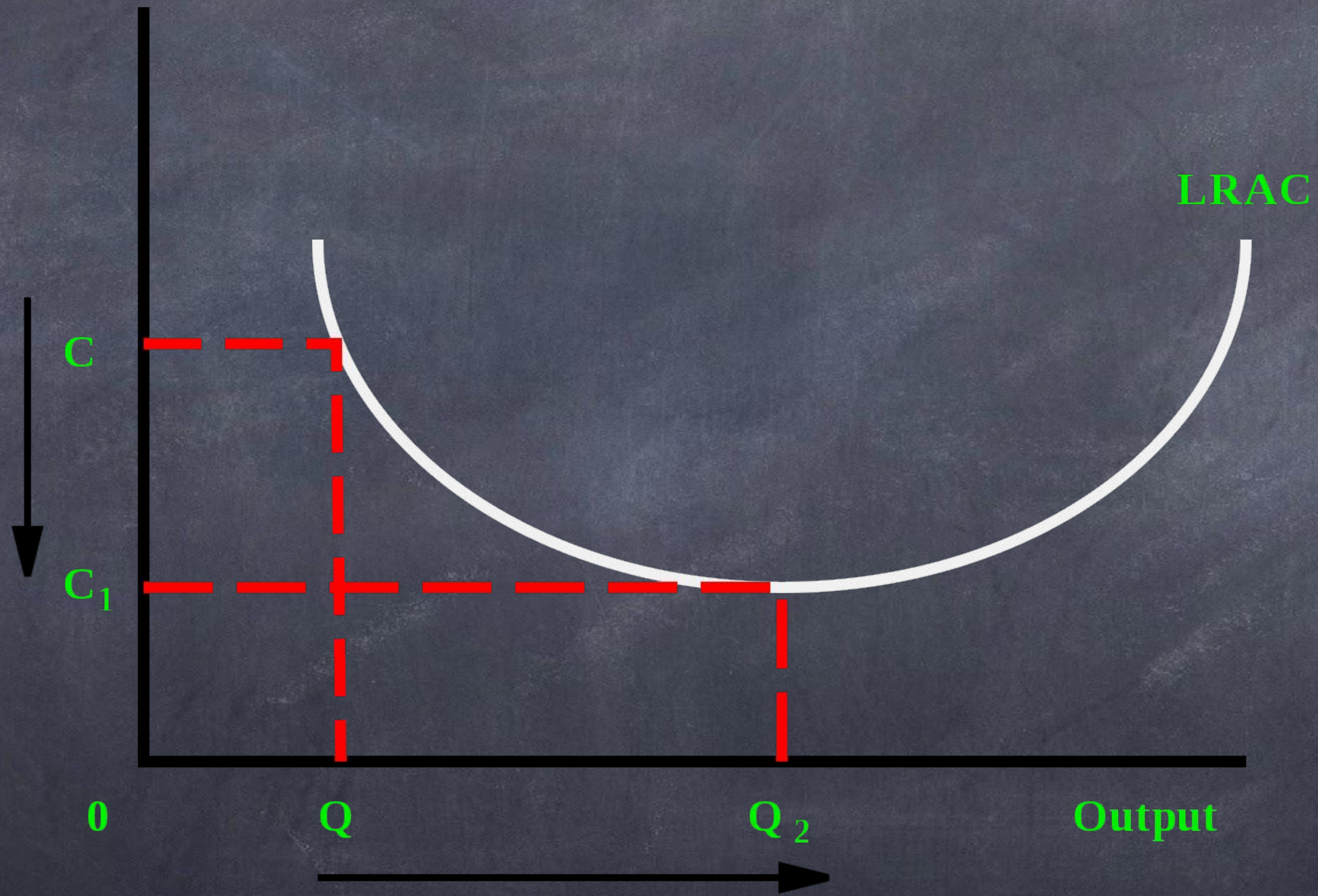
Set of unique attributes or capabilities that enable a company to outperform its rivals and achieve superior performance in the marketplace. It involves creating value for customers, sustaining that value over time, and positioning the company ahead of competitors.

Types of strategies to gain competitive advantage:

- ✓ Cost Leadership
- ✓ Differentiation
- ✓ Focus

_economies of scale

Average Cost



_economies of scope

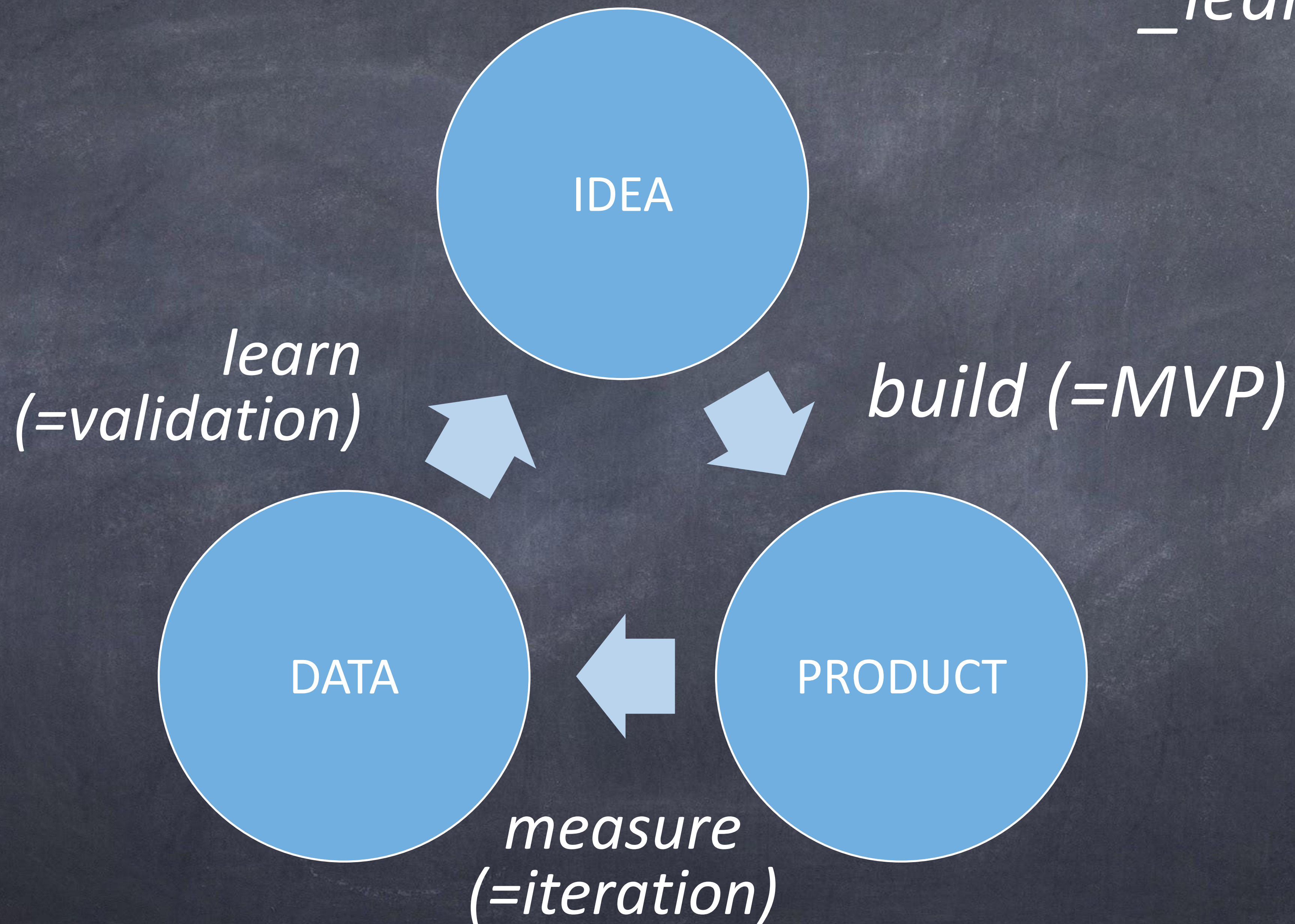


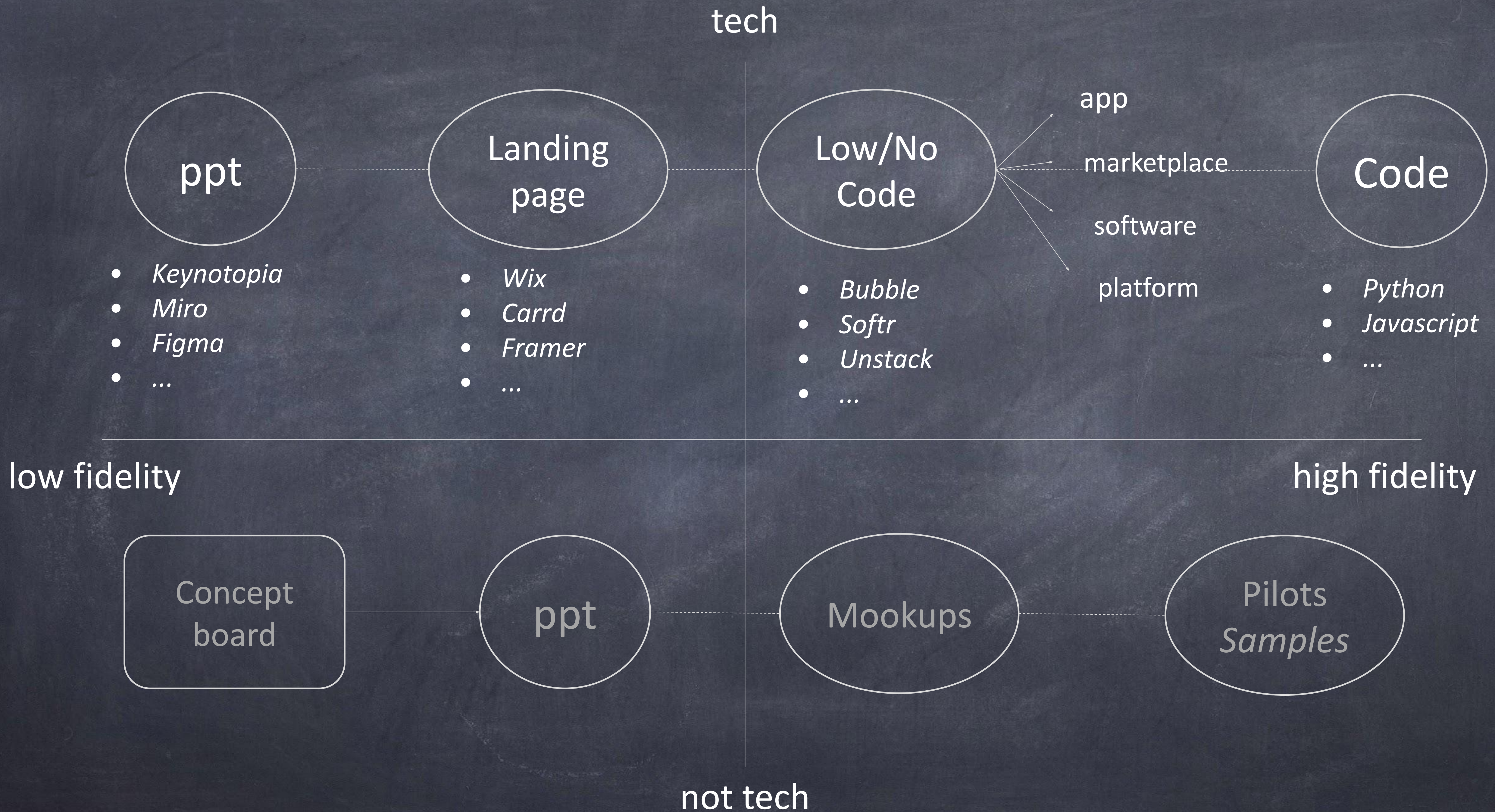
Total cost of product 1 + Total cost of product 2 + Total cost of product N
- The overlap of producing them all together

innovation

Innovation is a multifaceted and dynamic concept that encompasses the creation, development, and implementation of novel ideas, processes, products, or services to bring about positive change and value. It involves transforming inventive ideas into practical and valuable solutions that address specific needs, challenges, or opportunities.

_lean startup





_hybrid spectrum

Sustainability equilibrium

Social sustainability

Economic sustainability

Traditional
non-profit

Non-profit
with
income-gene
rating
activities

Social
enterprise

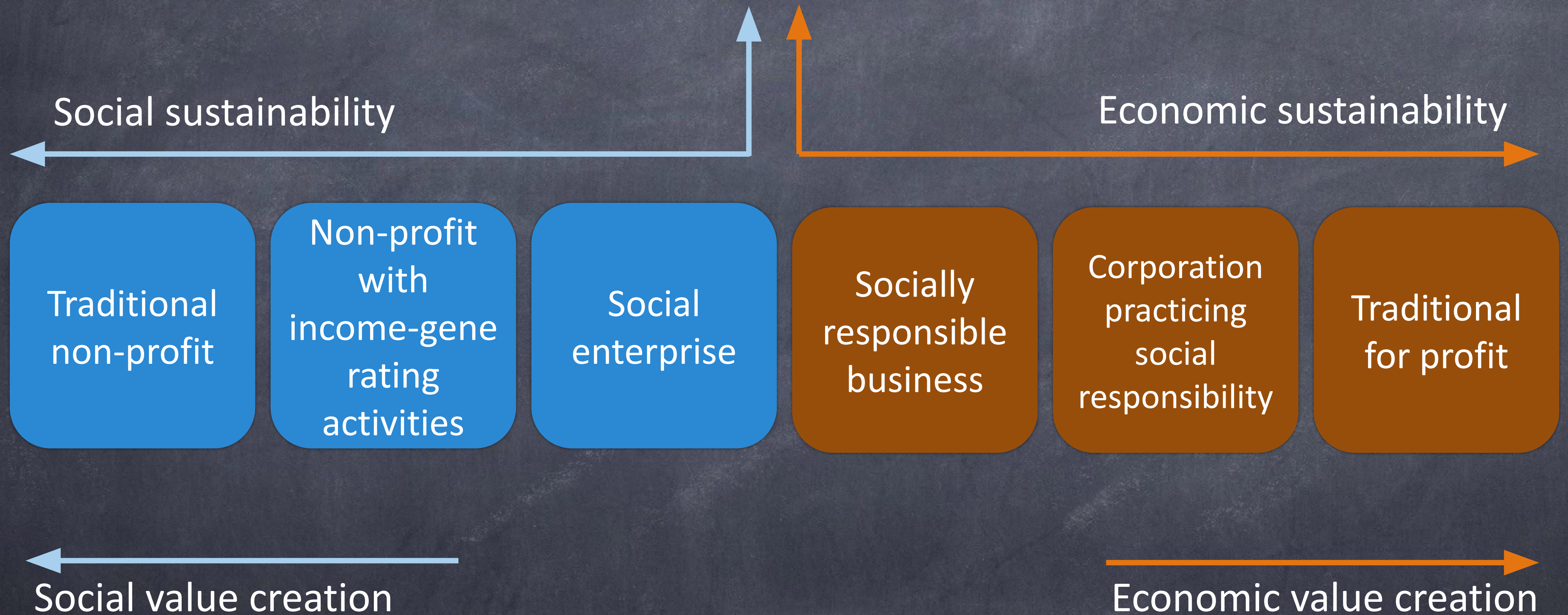
Socially
responsible
business

Corporation
practicing
social
responsibility

Traditional
for profit

Social value creation

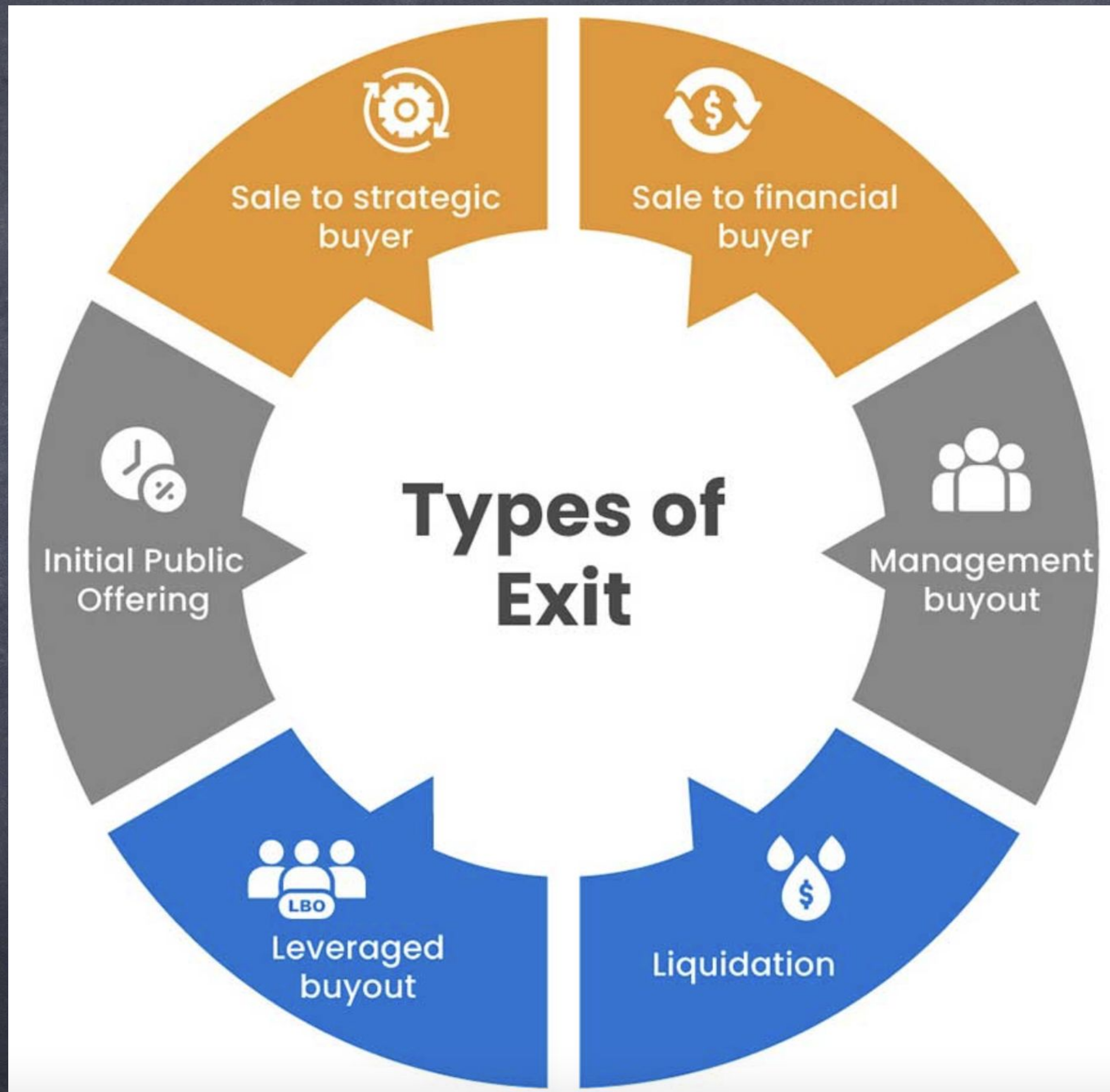
Economic value creation



Generally, a startup is a company in its early stages of development characterized by its focus on creating and delivering a unique product or service that has the potential for rapid growth and scalability.

_types of “startups”

- Scalable startups
- Lifestyle businesses
- Small businesses
- Social startups



To come:

✓ Final Exam

Thanks for the semester!!
Wish you a great future ahead.
Count on us!